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Financing of the United Nations Interim Administration Mission in Kosovo

Performance report on the budget of the United Nations Interim Administration Mission in Kosovo for the period from 1 July 2003 to 30 June 2004

Report of the Secretary-General

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Summary

The present report contains the performance report on the budget of the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2003 to 30 June 2004.

The total expenditure for UNMIK for the period from 1 July 2003 to 30 June 2004 has been linked to the Mission's objective through a number of results-based frameworks, grouped by components, namely, political, civilian police and support.

Performance of financial resources

(Thousands of United States dollars. Budget year is from 1 July 2003 to 30 June 2004.)

			Variance	
Category	*Apportionment*	*Expenditure*	*Amount*	*Percentage*
Military and police personnel	117 385.7	106 598.1	10 787.6	9.2
Civilian personnel	145 295.2	163 458.9	(18 163.7)	(12.5)
Operational requirements	52 837.3	45 452.2	7 385.1	14.0
Gross requirements	**315 518.2**	**315 509.2**	**9.0**	**0.0**
Staff assessment income	19 704.4	23 467.6	(3 763.2)	(19.1)
Net requirements	**295 813.8**	**292 041.6**	**3 772.2**	**1.3**
Voluntary contributions in kind (budgeted)	—	—	—	—
Total requirements	**315 518.2**	**315 509.2**	**9.0**	**0.0**

Human resources incumbency performance

Category	*Approved*[a]	*Planned (average)*	*Actual (average)*	*Vacancy rate (percentage)*[b]
Military liaison officers	38	38	38	—
Civilian police	3 400	3 228	2 662	17.5
Formed police units	1 203	1 146	991	13.5
International staff	1 049	982	861	12.3
National staff	3 130	2 992	2 916	2.5
United Nations Volunteers	250	250	214	14.4

[a] Represents the highest level of authorized strength.
[b] Based on monthly incumbency and planned strength.

The actions to be taken by the General Assembly are set out in section V of the present report.

I. Introduction

1. The budget for the maintenance of the United Nations Interim Administration Mission in Kosovo (UNMIK) for the period from 1 July 2003 to 30 June 2004 was set out in the report of the Secretary-General of 18 December 2002 (A/57/679) and amounted to $315,518,200 gross ($295,813,800 net). It provided for 38 military liaison officers, 3,400 civilian police, 1,203 formed police, 1,049 international staff, 3,130 national staff and 250 United Nations Volunteers. The Advisory Committee on Administrative and Budgetary Questions, in paragraph 65 of its report dated 3 April 2003 (A/57/772/Add.5), recommended that the General Assembly appropriate $315,518,200 gross for the period from 1 July 2003 to 30 June 2004.

2. The General Assembly, by its resolution 57/326 of 18 June 2003, appropriated an amount of $315,518,200 gross ($295,813,800 net) for the maintenance of the Mission for the period from 1 July 2003 to 30 June 2004. The total amount has been assessed on Member States.

II. Mandate performance

3. The mandate of UNMIK was established by the Security Council in its resolution 1244 (1999).

4. The Mission is mandated to help the Security Council achieve an overall objective, namely, to ensure the substantial autonomy and meaningful self-administration of Kosovo.

5. Within this overall objective, the Mission has, during the performance report period, contributed to a number of accomplishments by delivering related key outputs, shown in the frameworks below. These frameworks are grouped by components: political, civilian police and support.

6. The 2003/04 period is the first period for which the Mission was able to assess its performance against the planned results-based frameworks set out in the 2003/04 budget. The performance report compares the actual indicators of achievement, the extent to which actual progress has been made during the period against the expected accomplishments, with the planned indicators of achievement, and compares the actually completed outputs with the planned outputs.

Component 1: political

Expected accomplishment 1.1: Ensure functioning democratic institutions

Planned indicators of achievement	*Actual indicators of achievement*
Provisional Institutions of Self-Government control throughout Kosovo	On 31 December 2003, UNMIK transferred all remaining non-reserved competencies under the Constitutional Framework to the Provisional Institutions of Self-Government. The northern part of Mitrovica Municipality remains under UNMIK administration, as a strategic step in the effort to reduce control of parallel structures, leading to eventual transfer to local municipal administration
Participation of political parties in the political process	All registered political parties participated in the various political processes under way until February 2004. On 19 February 2004, Coalition Return decided to boycott Assembly sessions due to the ethnic murals in the renovated Assembly Hall. Following the 17-18 March 2004 inter-ethnic riots, Kosovo Serb political leaders withdrew their participation from the Assembly and only partially participated in selected politica' processes
Full responsibility by municipalities for management of municipal functions	Executive powers transferred to/assumed by the local municipal officials and structures. This transfer changed UNMIK's role to one of monitoring and, when necessary, advising and in exceptional cases intervening to protect minority rights and enforce the rule of law, with the exception of the northern part of the municipality of Mitrovica, which remains under UNMIK administration and structures
Unqualified compliance with the mandate of the Kosovo Protection Corps (KPC), including minority participation	In line with the mandate of KPC, demining and clearance of unexploded ordnance performed throughout Kosovo and response to small-scale civil emergencies provided. Minority staff in KPC increased from 106 in 2002/03 to 150 in 2003/04, which represents 4.6 per cent of the total KPC staffing in 2003/04 as opposed to 3.9 per cent in 2002/03

Planned outputs	*Completed (number or yes/no)*	*Remarks*
Trained civil servants and the provision of legal and expert assistance to the Provisional Institutions of Self-Government and the municipalities	Y	Kosovo Institute of Public Administration staff trained in strategic planning, performance needs assessments, evaluation of training seminars and development of standardized and customized training 150 Municipal Officers (24 municipalities) attended 5 modules of continuous legal education for civil servants

Planned outputs	Completed (number or yes/no)	Remarks
Recruitment of senior posts in the Provisional Institutions of Self-Government completed	Y	Permanent Secretaries of Ministries and Chief Executive Officers of Executive Agencies recruited
2004 elections plan	Y	Operational plans included the establishment of the local elections management body and oversight and complaints bodies
Parallel structures dismantled	N	Continued support for parallel structures by Belgrade, exacerbated by the events of March. Progress towards dismantling made in the health sector by promotion of the Charter on Patient Rights and in the forestry sector by integrating Serb forestry enterprise in Leposavic into the Kosovo Forestry Agency
Dialogue and direct contacts between Kosovo Provisional Institutions of Self-Government and Serbia and Montenegro	Y	Dialogue launched in Vienna on 14 October 2003 and four Working Groups established, namely on missing persons, energy, returns and transport and communications. First meetings of Working Groups on Missing Persons and on Energy held on 6 and 9 March 2004, respectively. Informal contacts between the two sides took place during international conferences and workshops
Continued cooperation with regional governments	Y	Contacts with Albania, the former Yugoslav Republic of Macedonia and officials in Serbia and Montenegro continued. Agreements and memorandums of understanding were signed by UNMIK on behalf of the Provisional Institutions of Self-Government in the areas of trade and police cooperation. Initial contacts with Bosnia and Herzegovina, Bulgaria, Croatia, and Slovenia undertaken. Representatives of the Provisional Institutions of Self-Government participated in various activities organized by Stability Pact and other regional forums
Issued civil documents and payment of pensions	496 251	Travel documents
	224 509	Driving licences
	1 318 218	Identification cards
		The basic pension, disability pension and social assistance provided throughout Kosovo to all communities

Planned outputs	*Completed (number or yes/no)*	*Remarks*
Regular publications distributed on gender issues, including statistical analysis	**Y**	**Published the first complete annual survey of all available gender statistics, entitled "Women and Men in Kosovo" and distributed to all local institutions and international organizations within and outside of Kosovo**
Continued oversight of the Kosovo Protection Corps	**Y**	
Aligned legislation to the European Union and international standards	**Y**	**Kosovo Assembly adopted Anti-Discrimination Law and promulgated Assembly Law on Gender Equality**

Expected accomplishment 1.2: Increase returns, reintegration, freedom of movement and property rights

Planned indicators of achievement	*Actual indicators of achievement*
Sustainable returns to places of origin within Kosovo	**More than 2,400 people remain displaced as a result of the March violence. As an external factor, the March violence was a set-back for the returns process, gravely shaking the already limited trust between communities. During the first 6 months of 2004, 645 people returned to Kosovo. Since April, Municipal Working Groups resumed and returns project proposals continued to be put forward, endorsed and implemented**
Increased freedom of movement for minorities	**Civil service bus system transported over 250 minorities each day to their places of work. Vehicle technical inspection facility in a minority area was licensed, thereby allowing minorities direct access to vehicle registration in a secure area to obtain Kosovo licence plates**
Increased number of missing persons identified	**The mortal remains of 400 missing persons were positively identified, bringing total identifications from 280 in July 2003 to 680 in June 2004. While most of the identifications are DNA-based, clothing exhibitions as well as family visits to show the "book of belongings" trigger further identifications. In total, 300 sets of remains have been transferred back to Kosovo**
Increased repossession of property	**10,400 property claims resolved representing an increase from 6,600 in 2002/03 to 17,000 in 2003/04 out of a total of 29,000 property claims filed**

Planned outputs	Completed (number or yes/no)	Remarks
Facilitated programme for returns, including functioning municipal working groups and go-and-see visits	Y	
Public awareness campaigns	Y	Media campaign on minorities and returns conducted through means of magazines (103,000 prints), newsletters (79,000 prints) brochures and leaflets (26,000 prints), posters, and television and radio programmes
Programmes, initiatives and legislation protecting and enforcing the rights of the minorities, including their rights regarding repossession of property	Y	Hosted three-day Working Regional Roundtable on formalizing informal settlements of Roma and other vulnerable groups
Implemented missing persons programme	Y	Kosovo personnel in all aspects of the operation from forensics to identification and outreach activities recruited and trained
Assisted reconciliation programmes and initiatives	Y	Reconciliation projects throughout Kosovo with participation of Albanian, Serbian, Roma, Ashkali, Gorani and Croatian communities implemented
		Multi-ethnic summer camps, sport events, language and computer classes for students established
		Multi-ethnic economic development initiatives, environmental programmes and training courses for adults established

Expected accomplishment 1.3: Ensure fair and just legal system in Kosovo

Planned indicators of achievement	Actual indicators of achievement
Established independent, impartial and multi-ethnic judiciary	Further efforts in the judiciary establishment included the recruitment of additional 24 national judges and 50 national prosecutors. The ratio between Albanian and non-Albanian judges is 90 per cent to 10 per cent, respectively, compared to 91 per cent to 9 per cent in 2002/03
Establishment of prison security and conditions in accordance with European standards	Management of all prisons is carried out within the framework of official standard operating procedures

Reduced reliance on international judiciary to hear ethnic-based crime cases	**Reliance has remained the same. The March 2004 riots and the implementation of the Provisional Criminal Procedure Code on 6 April 2004 made the presence of international judges and prosecutors a continuing requirement**

Planned outputs	*Completed (number or yes/no)*	*Remarks*
Trained impartial judges and prosecutors implementing rule of law	**1 082**	**Judges**
	286	**Prosecutors**
		in 51 training courses in criminal, civil and administrative law
Investigated judicial misconduct by local judges	**201**	**Complaints of judicial misconduct received (170 complaints received in 2002/03)**
	78	**Complaints rejected**
	120	**Investigations completed**
	89	**Investigations were pending with the backlog from the prior years**
Managed 7 prisons according to European standards	**7**	
Increased prison capacity by 25 per cent	**N**	**Construction of prison facilities did not increase owing to reprioritization of funds**
Reformed legal framework for the Kosovo Correctional Service	**Y**	**The Law on Execution of Penal Sanctions promulgated on 19 November 2004**
Progressively transferred operational control of certain facilities to the Kosovo Correctional Service	**Y**	**Local Deputy Prison Directors have been recruited or are working in 2 prison facilities and 6 detention centres. No facilities in Mitrovica have local Deputy Directors**

Expected accomplishment 1.4: Increase economic development

Planned indicators of achievement	*Actual indicators of achievement*
Balanced budget	**Initial 2004 Kosovo budget was approved as balanced budget on 31 December 2003 with revenue at €619 million and appropriated expenditures at €632 million, the difference of which is financed by 2003 budget surplus**
Increase in privatization	**Out of more than 400 socially owned enterprises 16 were privatized in the first two waves of tenders, launched in the second half of 2003**

Planned outputs	Completed (number or yes/no)	Remarks
Tax and revenue collected	Y	Total customs revenues for 2003 were €428.1 million, 18 per cent above the indicative amount set by the Ministry of Finance and Economy. By mid-2004, customs revenue was 5 per cent higher than for the same period in 2002/03
Delivered electricity supply	Y	Electricity provided to 315,000 residential and commercial customers throughout Kosovo. However, electricity demand grew and continued to outstrip domestic supply capacity. Frequent power outages occurred during the winter
Restructured public enterprises	Y	Kosovo Trust Agency endorsed an action plan that foresees start of incorporation of key publicly owned enterprises by September 2004. The Agency developed new by-laws for the publicly owned enterprises

Component 2: civilian police

Expected accomplishment 2.1: Ensure public law and order

Planned indicators of achievement	Actual indicators of achievement
Reduction in serious crimes and increased success in detection of perpetrators	5 per cent reduction in serious crimes rate against persons and property and 4 per cent against society. Clearance rates for detection of perpetrators: 77 per cent against persons, 42 per cent against property and 83 per cent against society
Kosovo Organized Crime Bureau to become fully operational	Fully operational Kosovo Organized Crime Bureau staffed with 23 per cent Kosovo Police Service (KPS) officers (out of a total of 115 staff, 94 are international staff and 21 are KPS officers). Technical equipment procured and put into service
Decrease in number of violent demonstrations	Widespread violence took place across Kosovo on 17 and 18 March 2004. Apart from this event, the number of demonstrations/protests decreased from 210 in 2002/03 to 158 in 2003/04, while the number of violent demonstrations decreased from 14 in 2002/03 to 3 in 2003/04

Planned outputs	Completed (number or yes/no)	Remarks
Maintained high frequency of police patrols/checkpoints	192 144	Patrols conducted
	174 864	Checkpoint contacts established

	2 402	Joint operations with KFOR conducted
Maintained border and boundary post security	Y	Intervened in 506 cases of border smuggling, fraudulent crossing, and/or false documentation, resulting in seizure of 1,194 documents, 7 weapons and 38 vehicles
Investigated criminal cases with identified suspects	10 992	Crimes against persons
	9 190	Crimes against property
	2 699	Other crimes
Maintained security for persons at risk	2 700	Security details for persons at risk provided
	4 721	Escorts including 2,650 Close Protection Unit details, 407 Close Protection Unit prisoner escorts, 821 Kosovo Assembly escorts, 362 VIP escorts, and 481 minority school bus escorts

Expected accomplishment 2.2: Make progress towards a self-sustaining police force

Planned indicators of achievement	*Actual indicators of achievement*
Kosovo police assumes responsibility for substantive police functions	KPS assumed responsibility for 6 additional police stations (out of a total of 35 police stations; 12 already transferred in 2002/03). An estimated 80 per cent of KPS staffing of the remaining stations has been recruited
Representation of minorities and women in deployment and management positions within the Kosovo Police Service	15 per cent (927) of the KPS are members of minorities, 15 per cent (869) are female, of which 14 per cent (119) are minorities. Promoted 241 officers, of whom 32 are female and 18 are representatives of minorities
Development of the administrative capacity of the Kosovo Police Service	KPS official assumed management of human resources under the command of the Director General Administration. The Personnel Directorate, consisting of Personnel Management/Development Unit, Promotion Section, Career Management Section, Recruitment/Selection Section, Personnel Administration Unit, Database Section and Personnel Support Unit, created and comprised 36 staff
	Regional Support Units established in all five regions
Increased engagement of the Kosovo Police Service in intelligence collection and investigation of serious crimes	Increase from zero in 2002/03 to 8 in the Intelligence Unit, to 6 in the Central Crime Investigation Unit, to 21 in the Organized Crime Unit, to 18 in the Serious Crimes Unit, to 26 in the Drug Enforcement Unit

Planned outputs	*Completed (number or yes/no)*	*Remarks*

Trained officers of the Kosovo Police Service in specialized functions	2 352	On investigations, drug control, motorcycle policing, community policing, emergency response, traffic management and crime prevention
Supervised promotion, selection and appointment of officers of the Kosovo Police Service	647	Graduates participating in the probationary programme supervised
	668	Promoted to the rank of sergeant and above
Identified target strengths and structure of Kosovo Police Service along with next steps in transition strategy	Y	The target strength increased from 6,533 to 7,300 due to the March events, and the structure adjusted accordingly
Implemented professional civilian administrative infrastructure for Kosovo Police Service development and support	Y	Station administrative staffing defined, job descriptions developed and staffing in concert with handover of responsibilities adjusted
Implemented automated fingerprint identification system	Y	24,150 fingerprints filed

Component 3: support

Expected accomplishment 3.1: Increase efficiency and effectiveness in supporting the Mission

Planned indicators of achievement	*Actual indicators of achievement*
Client offices have high level of surveyed satisfaction with support services	Achieved

Planned outputs	*Completed (number or yes/no)*	*Remarks*
4 429 staff administered	3 991	The lower average number of staff was due to slower deployment of civilian police
24 monitoring and cost control reports	24	
12 financial reports	12	
112 premises maintained	112	Including Mission and Administrative headquarters, three regional headquarters, five municipalities, five logistic bases and five medical clinics
60 generators maintained	132	Higher number was due to delayed handover of the police stations in June 2004 as compared to the projected gradual transfer of police stations

2 624 vehicles maintained	2 624	
Round-the-clock year-round information technology service support	Y	
Round-the-clock year-round communication service support	Y	
524 personnel trained	593	Higher number because 69 personnel were trained in the areas of ground transportation, information technology, general services and procurement In addition, 2,356 local staff participated in training in the UNITAR Integrated Distance Learning Programme
Round-the-clock year-round security and close protection services	Y	
12 aircraft inspections conducted	12	
71 aviation safety reports	35	Lower number due to reduction of United Nations chartered flights. In addition, improvement in the work environment, facilities and procedures also contributed to lower number of reports on hazards, incidents and accidents
1 UNMIK web site	Y	

III. Resource performance

A. Financial resources

(Thousands of United States dollars. Budget year is from 1 July 2003 to 30 June 2004.)

Category	Apportionment (1)	Expenditure (2)	Variance Amount (3) = (1)-(2)	Variance Percentage (4)=(3) ÷ (1)
Military and police personnel				
Military observers	1 174.2	1 240.2	(66.0)	(5.6)
Military contingents	—	—	—	—
Civilian police	93 728.6	86 604.8	7 123.8	7.6
Formed police units	22 482.9	18 753.1	3 729.8	16.6
Subtotal	117 385.7	106 598.1	10 787.6	9.2
Civilian personnel				
International staff	101 749.7	113 860.2	(12 110.5)	(11.9)
National staff	35 399.4	40 922.3	(5 522.9)	(15.6)
United Nations Volunteers	8 146.1	8 676.4	(530.3)	(6.5)
Subtotal	145 295.2	163 458.9	(18 163.7)	(12.5)
Operational costs				
General temporary assistance	105.6	261.8	(156.2)	(147.9)
Government-provided personnel	—	—	—	—
Civilian electoral observers	—	—	—	—
Consultants	—	—	—	—
Official travel	1 666.7	1 450.0	216.7	13.0
Facilities and infrastructure	21 228.0	18 107.5	3 120.5	14.7
Ground transportation	9 247.2	9 020.8	226.4	2.4
Air transportation	2 906.7	1 430.7	1 476.0	50.8
Naval transportation	—	—	—	—
Communications	6 937.6	6 504.8	432.8	6.2
Information technology	5 578.2	4 557.8	1 020.4	18.3
Medical	762.4	353.9	408.5	53.6
Special equipment	110.9	110.9	—	—
Other supplies, services and equipment	4 294.0	3 654.0	640.0	14.9
Quick-impact projects	—	—	—	—
Subtotal	52 837.3	45 452.2	7 385.1	14.0
Gross requirements	315 518.2	315 509.2	9.0	0.0
Staff assessment income	19 704.4	23 467.6	(3 763.2)	(19.1)
Net requirements	295 813.8	292 041.6	3 772.2	1.3
Voluntary contributions in kind (budgeted)	—	—	—	—
Total requirements	315 518.2	315 509.2	9.0	0.0

Resource variance amounts are expressed in thousands of United States dollars.

B. Other income and adjustments

(Thousands of United States dollars)

Category	Amount
Interest income	466
Other/miscellaneous income	1 073
Voluntary contributions in cash	—
Prior-period adjustments	(198)
Savings on or cancellation of prior-period obligations	3 120
Total	**4 461**

C. Expenditure for contingent-owned equipment: major equipment and self-sustainment

(Thousands of United States dollars)

Category	Expenditure
Major equipment	
Formed police units	
Major equipment	3 082.5
Self-sustainment	
Facilities and infrastructure	
Office equipment	70.0
Miscellaneous general stores	204.0
Communications	
Communications	361.1
Medical	
Medical services	50.3
Special equipment	
Observation	110.9
Subtotal	**796.3**
Total	**3 878.8**

Mission factors	Percentage	Effective date	Last review date
A. Applicable to mission area			
Extreme environmental condition factor	1	1 July 1999	—
Intensified operational condition factor	1	1 July 1999	—
Hostile action/forced abandonment factor	1	1 July 1999	—
B. Applicable to home country			
Incremental transportation factor	1 to 4		

IV. Analysis of variances[1]

	Variance	
Military observers	**($66.0)**	**(5.6%)**

7. The additional requirements were attributed mainly to increases in mission subsistence allowance rates. The first-30-day rate increased from $100 to $130 per person per day effective 1 July 2003 and to €107 (US$ equivalent of $126.78) effective 1 May 2004. Similarly, the after-30-day rate increased from $71 to $75 per person per day effective 1 July 2003 and to €68 (US$ equivalent of $80.60) effective 1 May 2004.

	Variance	
Civilian police	**$7,123.8**	**7.6%**

8. The unspent balance was due mainly to the higher average vacancy rate of 17.5 per cent for civilian police officers during the performance period as compared to 7 per cent applied in the budget.

	Variance	
Formed police units	**$3,729.8**	**16.6%**

9. The savings under this heading were due primarily to the unplanned withdrawal of one special police unit.

	Variance	
International staff	**($12,110.5)**	**(11.9%)**

10. Owing to the magnitude of the savings reported for international staff in prior periods, which were mainly attributable to posts being encumbered by staff at lower levels than those authorized, the budget was prepared on the basis of average annual cost of international staff, rather than standard costs. The average annual cost of international staff during 2002-2003, the basis on which the budget estimates for international staff salaries were prepared, amounted to $91,360. The increase in actual cost during the period under review to $104,001, and relevant overrun under international staff, resulted from the new salary scales approved for Professional staff and above and Field Service (both 100 series and 300 series) effective 1 January 2003 and revised post adjustment rates effective 1 November 2003. In addition, the approval of special post allowance for 36 staff performing functions at a higher level and a decrease in the number of staff appointed at lower levels than authorized from 363 in July 2003 to 288 in June 2004, compared with an average of 392 staff at lower levels during 2002/03, as well as increased separation costs due to the downsizing of the Mission contributed to the overrun under this heading.

[1] Resource variance amounts are expressed in thousands of United States dollars.

	Variance	
National staff	**($5,522.9)**	**(15.6%)**

11. The additional requirements were primarily attributed to the revised salary scales which became effective 1 March 2004. The new salary scales reflected an overall weighted average increase of 40.7 per cent for General Service staff and 32.5 per cent for National Officers.

	Variance	
United Nations Volunteers	**($530.3)**	**(6.5%)**

12. The additional requirements were attributed to the revised monthly Volunteers' living allowance rate and average settlement-in-grant rate from $2,005 and $1,116, respectively, to $2,190 and $1,301, effective 1 January 2003.

	Variance	
General temporary assistance	**($156.2)**	**(147.9%)**

13. The additional requirements were attributed to the services of 19 contractors hired in the areas of judicial affairs, regional administration and administrative support compared to provision made for 9 support staff dealing with preparation of shipment and escort of cars from the United Nations Logistics Base to UNMIK. The specific tasks carried out included crime intelligence, anthropologist and forensic services, legal research and advice on international, criminal, humanitarian and human rights laws in judicial institutions in Kosovo, a study on Kosovo political and administrative structures at central, municipal and local levels, an inventory of urban structure in Mitrovica region, and identification of actions and measures to restore public order after the disturbances of 17-18 March 2004 in Kosovo.

	Variance	
Official travel	**$216.7**	**13.0%**

14. The lower resource requirements were primarily attributed to less travel of Selection Assessment Teams from the Civilian Police Division, which resulted from reprioritization of planned travel due to the surge of new peacekeeping missions during the performance period.

	Variance	
Facilities and infrastructure	**$3,120.5**	**14.7%**

15. The savings were primarily attributable to the late implementation of security contracts with a local company starting only in December 2003. In addition, the terms of the contract were negotiated at a lower monthly cost of $75,000 compared to the estimated cost of $236,900 applied in the budget.

	Variance	
Ground transportation	$226.4	2.4%

16. The savings were attributed to lower requirements due to the reduction of the vehicle fleet following the transfer of 221 vehicles to other peacekeeping missions, write-off of 25 vehicles and pending write-off of 119 vehicles.

	Variance	
Air transportation	$1,476.0	50.8%

17. The unspent balance was primarily attributed to 40 per cent lower actual utilization of the BE-200 fixed-wing aircraft due to poor weather conditions during the winter of 2003-2004 in the region and withdrawal of carrier service in May 2004 due to bankruptcy of the contractor.

	Variance	
Communications	$432.8	6.2%

18. The savings were primarily attributed to fewer maintenance service requirements. Since the system worked satisfactorily, upgrade and maintenance of the system was performed only at the end of 2003, contributing to the savings.

	Variance	
Information technology	$1,020.4	18.3%

19. The unspent balance was attributed to the delay in concluding a licensing agreement owing to intensive negotiation and complexity of legal process. The agreement was concluded in October 2004.

	Variance	
Medical	$408.5	53.6%

20. The savings resulted from the higher-than-budgeted vacancy rate for civilian police and early repatriation of one special police unit resulting in lower demand for medical services.

	Variance	
Other supplies, services and equipment	$640.0	14.9%

21. The lower resource requirements resulted from the lower cost of bank service achieved through negotiation of bank fees and charges with three local banks.

V. Actions to be taken by the General Assembly

22. The actions to be taken by the General Assembly in connection with the financing of the United Nations Interim Administration Mission in Kosovo are:

(a) To decide on the treatment of the unencumbered balance of $9,000 with respect to the period from 1 July 2003 to 30 June 2004;

(b) To decide on the treatment of other income for the period ended 30 June 2004 amounting to $4,461,000 from interest income ($466,000), other/miscellaneous income ($1,073,000) and savings on or cancellation of prior-period obligations ($3,120,000), offset by prior-period adjustments ($198,000).